

Message Text

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S/S-J HOGANSON

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

UNCLAS STATE 195940 TOSEC 200123

FOR UNDER SECRETARY ROGERS

FOLLOWING REPEAT EC BRUSSELS 7634 ACTION SECSTATE 3 AUG 76

QUOTE UNCLAS EC BRUSSELS 07634

PASS STR ELECTRONICALLY,PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR,ETRD

SUBJECT: POULTRY- COGNAC

REF: (A) EC BRUSSELS 7545

(B) STATE 189861

THE EC COMMISSION SPOKESMAN MADE AN ORAL STATEMENT TO THE PRESS ON AUGUST 3 IN REGARD TO THE US DECISION TO HOLD HEARINGS ON A CHANGE IN THE COGNAC TARIFF BREAK POINT THE STATEMENT,WHICH WAS NOT AN OFFICIAL STATEMENT BUT WAS RELEASED UNDER THE RULE THAT IT COULD BE ATTRIBUTED TO COMMISSION OFFICIALS,WAS AS FOLLOWS:

BEGIN TEXT " THE COMMISSION'S SERVICES HAVE LEARNED WITH REGRET OF THE DECISION OF THE US AUTHORITIES TO OPEN PUBLIC HEARINGS ON THE QUESTION OF WHETHER THE PARTIAL NORMALIZATION OF US IMPORT DUTIES ON BRANDY,EFFECTED IN 1974,SHOULD NOW BE RESCINDED,IN VIEW OF WHAT THE US AUTHORITIES SEE AS THE UNCLASSIFIED

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MAINTENANCE BY THE COMMUNITY OF UNREASONABLE RESTRICTIONS ON

POULTRY FROM THE US.

THE COMMUNITY HAS NO DEBT TO PAY TO THE UNITED STATES IN TERMS OF POULTRY CONCESSIONS AND HAS NEVER BEEN PARTNER TO ANY ARRANGEMENT UNDER WHICH SUCH CONCESSIONS WOULD BE FORTHCOMING IN RETURN FOR THE PARTIAL RESTORATION OF THE PRE-CHICKEN WAR US TARIFF RATE FOR BRANDY.

THE COMMISSION'S SERVICES WOULD THEREFORE DEPLORE THE RENEWED DELIBERALIZATION OF US IMPORT POLICY FOR COGNAC, A UNILATERAL ACT OF AN UNGENEROUS CHARACTER WHICH THE COMMUNITY HAS DONE NOTHING TO PROVOKE.

BACKGROUND

IN DECEMBER 1963, AS PART OF WHAT WAS THEN TERMED THE "CHICKEN WAR" BETWEEN THE COMMUNITY AND THE UNITED STATES, US CUSTOMS DUTY WAS RAISED FROM DOLS 1.25 TO DOLS 5 ON BRANDY ENTERING AT F.O.B. PRICES OF MORE THAN DOLS 9 PER PROOF GALLON. ON 16 JULY 1974, A PRESIDENTIAL PROCLAMATION EASED THIS RESTRICTION BY RAISING THE THRESHOLD PRICE FOR THE HIGHER RATE OF DUTY FROM DOLS 9 TO DOLS 17 PER PROOF GALLON (I.E. BRANDY ENTERING AT BELOW DOLS 17 PAID THE PRE-DECEMBER 1963 DUTY OF DOLS 1.25). THIS LIBERALIZATION WAS EFFECTED INTER ALIA IN ORDER, IN THE WORDS OF THE PROCLAMATION, TO ENCOURAGE "THE RESOLUTION OF OUTSTANDING TRADE DISPUTES BETWEEN THE UNITED STATES AND THE EC, INCLUDING THE REMOVAL OF UNREASONABLE RESTRICTIONS ON POULTRY FROM THE UNITED STATES MAINTAINED BY THE EEC". IT WAS ALSO IN REALITY, HOWEVER, GRANTED AGAINST THE BACKGROUND OF THE SUCCESSFUL COMPLETION IN 1974 OF THE GATT ARTICLE XXIV: 6 NEGOTIATIONS AND IN RECOGNITION OF THE CONSIDERABLE COMPENSATORY TARIFF ADJUSTMENTS BENEFICIAL TO THE US, WHICH THE COMMUNITY HAD MADE FOLLOWING ENLARGEMENT

END TEXT

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